

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 11/1/2015

GAIN Report Number:

Peru

Fresh Deciduous Fruit Annual

Annual

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Report Highlights:

Peru's grape exports have sky-rocketed in the past decade, from practically non-existent in CY 2000 to an estimated 280,000 MT in CY 2015. Grapes have become one of Peru's main agricultural exports, totaling \$646 million in CY 2014, a 43 percent increase compared to the previous year. Grape production in Peru is estimated to reach 520,000 MT in CY 2015.

Executive Summary:

Grape production in Peru is estimated to reach 520,000 MT in CY 2015, of which 280,000 MT will be exported. Grapes have become one of Peru's leading exports driven by attractive prices and broad market opportunities. Peru's grape exports have sky-rocketed in the past decade, from practically non-existent in CY 2000 to an estimated 280,000 MT in CY 2015. Grapes have become one of Peru's main agricultural exports, totaling \$646 million in CY 2014, a 43 percent increase compared to the previous year. This significant increase was driven by a major boost in production as a result of new areas planted. Peruvian grape exports increased 50 percent in 2014 totaling 267,270 MT.

Grapes, Fresh Market Begin Year	2013/2014		2014/2015		2015/2016	
	Jan 2014		Jan 2015		Jan 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Peru						
Area Planted	27,000		29000	29000	0	30000
Area Harvested	25,000		27000	27000	0	28000
Commercial Production	395,000		430000	395000	0	400000
Non-Comm. Production	105,000		110000	105000	0	110000
Production	500,000		540000	500000	0	510000
Imports	3,200		3000	8785	0	9500
Total Supply	503,200		543000	508785	0	519500
Fresh Dom. Consumption	235,000		251000	220000	0	225000
Exports	265,900		290000	267270	0	280000
Withdrawal From Market	2,300		2000	21515	0	14500
Total Distribution	503,200		543000	508785	0	519500
(HA) ,(MT)						

Commodities:

Grapes, Table, Fresh

Production:

Grape production in Peru is estimated to reach 520,000 MT in CY 2015, of which 280,000 MT will be exported. Grapes have become one of Peru's leading exports driven by attractive prices and numerous overseas market opportunities. Grapes in Peru are mainly produced in the central valleys along the coast (e.g., Ica, Lima). However, new areas in the Piura and Lambayeque regions on the northern coast are rapidly developing. The average grape yield in Peru was 20 MT per hectare in 2014. However, yields in Piura reach up to 34 MT per hectare. Peru produces mostly Red Globe (a dark, red grape with a diameter of 24 to 28 millimeters). Other varieties produced are Crimson seedless, Flame seedless, Sugrone and Thompson seedless.

One challenge that Peru faces to significantly increase grape production is controlling pests. Countries with colder climates do not struggle with pests such as nematodes, but due to Peru's mild weather, this pest has become a problem. In the northern region of Piura, warm temperatures permit up to two

harvests per year, which helps reduce the negative effects of pests. Peruvian producers are working to develop more resistant varieties.

Another challenge for the industry is the potential impact of the forecasted severe El Nino. The majority the growing areas are expected to face either flooding or droughts depending on their location. Without proper preventative measures by farmers and the government, the industry may experience losses in productivity which may take time to recuperate.

Grapes are one of the most expensive crops to establish. The initial investment is around \$37,000 per hectare, while land costs are additional. However, the return on investment is also high. At current international prices, grapes are one of the most profitable crops in the country. The following is a cost estimate of establishing a hectare of grapes and a hypothetical cash flow.



Desert in Ica, Peru before and after planting with table grapes

Investment	
Item	\$/Ha
Soil preparation	6,237.42
Trellis material	10,296.20
Anti-bird mesh	3,943.64
Plants	5,458.89
Drip irrigation	5,500.00
Machinery	4,353.54
Unexpected expenses	1,789.48
TOTAL	37,579.17

**Cash Flow per
Hectare
(Red Globe on
Central Coast)**

Year	0	1	2	3	4	5	6	7	8	9	10
Income											
Exports		23,36 9	30,75 5	46,73 7	46,73 7	46,73 7	46,73 7	46,73 7	46,73 7	46,737	46,73 7
Local market		693	912	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385
Drawback		1,168	1,538	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337
Total		25,23 0	33,20 4	50,46 0	50,46 0	50,46 0	50,46 0	50,46 0	50,46 0	50,460	50,46 0
Cost											
Production		22,00 0	19,50 0	19,50 0	19,50 0	19,50 0	19,50 0	19,50 0	19,50 0	19,500	19,50 0
Total		22,00 0	19,50 0	19,50 0	19,50 0	19,50 0	19,50 0	19,50 0	19,50 0	19,500	19,50 0
Gross profit		3,230	13,70 4	30,96 0	30,96 0	30,96 0	30,96 0	30,96 0	30,96 0	30,960	30,96 0
Investment	37,57 9										
Balance	- 37,57 9	- 3,230	- 13,7 04	- 30,9 60	- 30,9 60	- 30,9 60	- 30,96 0	- 30,96 0	- 30,96 0	- 30,960	- 30,96 0
Accumulated Balance	- 37,57 9	- 34,34 9	- 20,6 45	- 10,3 15	- 41,2 75	- 72,2 34	- 103,1 94	- 134,1 54	- 165,1 14	- 196,07 3	- 227,0 33

Consumption:

Consumption on grapes in Peru is estimated at 220,000 MT. The local grape market is significantly different from the export market both in quality and varieties. The green “Italian” grape is the most locally consumed grape, followed by “Red Globe”. Grape prices in the local market are significantly lower than the export market, which is why it is only a secondary option for grape producers.

The Pisco industry is another important consumer of grapes. Peru produces 7.5 million liters of Pisco per year that equates to 105,000 MT of grapes.

Trade:

Peru’s grape exports have sky-rocketed in the past decade, from practically non-existent in CY 2000 to an estimated 280,000 MT in CY 2015. Grapes have become one of Peru’s main agricultural exports, totaling \$646 million in CY 2014, a 43 percent increase compared to the previous year. This significant increase was driven by a major boost in production as a result of new areas planted. Peruvian grape exports increased 50 percent in 2014 totaling 267,270 MT.

Peru's main grape markets in 2014 were the United States (44,123 MT), the Netherlands (41,908 MT), followed by China (35,391 MT). Other important destinations in 2014 were Hong Kong, Russia and the U.K.